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UNCLAS SECTION 01 OF 02 ANKARA 001610

SIPDIS

SENSITIVE

TREASURY FOR OASIA -- CHRIS PLANTIER
EX-IM BANK FOR MARGARET KOSTIC
USAID FOR VALERIE KWOK

E.O. 12958: N/A

TAGS: [ECON](#) [PGOV](#) [EAID](#) [TU](#)

SUBJECT: AMBASSADOR VISITS BURSA

REF: ANKARA 5781

SENSITIVE BUT UNCLASSIFIED.

Refs: A) 04 Ankara 4332, B) Ankara 912 and 1090

1. (SBU) Summary. Visiting Bursa, Turkey's fourth largest city and a leading industrial center, the Ambassador heard from officials and business leader about the strain a strong lira and the end of global quotas is putting on the Turkish textile industry. Officials and business people were interested in developing new relationships with the United States, including seeking Ex-Im Bank support for major municipal projects such as a light rail system. The Ambassador also highlighted U.S. financial support for educational and medical assistance to poor Turkish families. The day-long visit served to emphasize dimensions of the bilateral relationship that are too often overlooked as anti-American feeling grows in Turkey. End Summary.

2. (SBU) Ambassador Edelman paid a visit to the city of Bursa on March 14. With a metropolitan population of 2.5 million, Bursa is Turkey's fourth largest city and an important center for the textile, automotive, and processed foods industries. The first capital of the Ottomans, Bursa is a site for historical tourism, and Uludag mountain, which towers over the city is Turkey's largest ski and winter sports center. Located just outside Bursa is Cargill's \$100 million sweetener plant, the largest U.S. agricultural investment in Turkey, which over the years had been plagued with regulatory problems but is now operating smoothly (ref A).

Governor Copes with Crowding and Pollution

3. (SBU) Meeting with Bursa governor Oguz Koksall, the Ambassador expressed appreciation for the provincial government's support for Cargill. Claiming that the fears of many in the community that the plant was an environmental risk had been proven unfounded, Koksall said he was happy to support the plant as a source of local jobs and income. According to Koksall, his main issues as governor are dealing with the traffic and environmental traffic problems created by the city's rapid population growth. Noting the importance of the textile industry to Bursa, Koksall said he was confident that Turkish textiles would remain globally competitive despite increased competition from China following the expiration of the multi-fiber agreement. He said Turkish producers would have to "move up the value chain" and produce high-quality goods for the fashion market.

Mayor Looking for Ex-Im Bank for Light Rail

4. (SBU) Mayor Hikmet Sahin, an AK Party member, listed several projects, including expansion of the city's light rail system, that were designed to address the congestion and air and water pollution problems. The main challenge was financing. He said Bursa would continue to seek U.S. Ex-Im Bank support for the expansion of Bursa's light rail system. The Ambassador noted that a U.S. company, Earth Tech, was interested in the project. According to the mayor, other major projects in the works include a new cable car to the ski resort on Uludag, a fast ferry boat to Istanbul, a wastewater treatment plant for the dirty Nilufer River, and a municipal natural gas distribution network that would replace the soft coal used for home heating. Mayor Sahin also described in front of the press the importance of Turkey of keeping a good relationship with the United States.

Exporters Worried About Textile Industry

15. (SBU) During a luncheon hosted by the Industrialists and Businessmen's Association of Bursa (BUSIAD), the city's leading exporters were deeply worried about the fate of the region's textile industry. The industry is suffering from the appreciation of the Turkish lira against the dollar and the euro over the past year as well as competition from low cost Chinese textile companies following the end of the textile quota system. One leading firm said it had recently laid-off over 1000 employees and another complained about what he said was the WTO's failure to enforce labor and other commitments China made when it joined the WTO. On the other hand, representatives of automotive parts makers, several of whom have joint ventures with U.S. firms, were more quietly pleased with their success in exporting to Europe. A maker of plastic playground equipment described how he had through hard work and perseverance broken into the U.S. market.

16. (SBU) The Ambassador also thanked BUSIAD for the support it had extended to Cargill. In response to a call by one participant for the creation of Qualifying Industrial Zones (QIZs) that would allow Turkey to export textiles to the United States duty-free, the Ambassador described the need for U.S. legislative action and the political sensitivity of textile imports in both countries. In any case, the end of the quota system made such a mechanism less attractive in the textile sector.

Neighborhood Health Clinic Benefits from U.S. Support

17. (SBU) The Ambassador used a neighborhood health clinic to highlight the recent \$9 million USG grant to the Turkish Government's "Social Risk Mitigation Project" (ref B). Doctors and patients who were taking advantage of the program -- which provides small cash payments to mothers who ensure that their children receive regular medical checkups and remain enrolled in school -- described how the program was making a measurable difference for poorer people. The chief doctor, who sees over 50 patients a day in the crowded center, said that the payments were "very motivational" for Turkish families despite their small size.

Press Coverage

18. (SBU) The Ambassador's visit received considerable local and national press attention. In addition to being followed throughout the day by a pack of journalists (who were mainly interested in subjects unrelated to the visit), the Ambassador gave an exclusive interview to a small local newspaper. All the city's major newspapers gave front-page coverage, and local television stations devoted extensive coverage to the visit. The exclusive interview was published in its entirety, with a front-page lead. The Ambassador highlighted that the long-standing U.S.-Turkey friendship is not restricted solely to international politics, but extends to a wide range of important bilateral issues. In addition, he answered questions regarding Turkey's EU membership, Armenia, Iraq and the problem of anti-Americanism. The Ambassador also visited the Bursa American Corner located at the headquarters of the Bursa Chamber of Commerce and Industry, and had an unremarkable meeting with some members of the Chamber's board.

Comment

19. (SBU) Bursa is a clearly a dynamic city that is going through a period of fast growth and change as Turkey becomes more deeply integrated into the global economy. The success of the automotive industry and relative decline of textiles is an example of that change. The government officials and business community were interested in expanding the trade and investment relationship with the United States and are clearly interested want to pursue Ex-Im Bank financing for the light rail project. Despite inordinate press focus on subjects unrelated to the visit (such as President Sezer's planned visit to Syria), the visit successfully highlighted dimensions of the bilateral relationship that are too often overlooked in the context of growing anti-Americanism in Turkey.

EDELMAN